

UAB ESTO

Company's financial statements for the year ended 31 December 2023 prepared in accordance with Lithuanian financial reporting standards

2023 Annual report

Date of preparation: 07-06-2024

UAB ESTO

Company code: 305219905

Address: Lvivo str. 25-104, Vilnius

Company's data is held and kept in VĮ Registrų centras

CONFIRMED:

Date:

Minutes No.

Table of Contents

INDEPENDENT AUDITOR'S REPORT	3
BALANCE SHEET	5
INCOME STATEMENT	6
Annex	7
Note 1. Tangible assets	7
Note 2. Other fixed assets	8
Note 3. Other current assets	8
Note 4. Amounts payable and other liabilities	8
Note 5. Acquired stocks and used resources	9
Note 6. Income tax	9
Note 7. Correction of error	9
Note 8. Business continuity	10

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of UAB ESTO

Opinion

We have audited the financial statements of ESTO UAB (the Company), which comprise the condensed balance sheet as at 31 December 2023 and the condensed income statement and notes to the balance sheet for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2023, and its financial performance for the year then ended in accordance with the Lithuanian Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant uncertainty related with business continuity

We draw your attention to the note 8 of the explanatory notes which indicates that the Company incurred a loss of EUR 820 824 for the year ended 31 December 2023 and that equity is negative. These circumstances as well as other matters described in the note 8 of the explanatory notes show that there are some significant uncertainties which may raise serious doubts about the ability of the Company to continue its activities. Our opinion on this matter is unqualified.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Lithuanian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

www.provisus.Lt

Kalvarijų g. 98, LT-08211, Vilnius, Lietuva, įmonės kodas 123953838, PVM kodas LT239538314

TEL: +370 5 263 87 20 El. paštas: provisus@provisus.lt

HLB Provisus yra tarptautinė apskaitos ir audito įmonių grupės **HLB INTERNATIONAL** įgaliota atstovė Lietuvoje

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor Elena Jankevičienė
Auditor's Certificate No.000097
Kalvariju str. 98, Vilnius, Republic of Lithuania
UAB „Provisus
Audit company's license number No.001230
07 June 2024

www.provisus.Lt

Kalvarijų g. 98, LT-08211, Vilnius, Lietuva, įmonės kodas 123953838, PVM kodas LT239538314

TEL: +370 5 263 87 20 El. paštas: provisus@provisus.lt

HLB Provisus yra tarptautinė apskaitos ir audito įmonių grupės **HLB INTERNATIONAL** įgaliota atstovė Lietuvoje

BALANCE SHEET as of 31 December 2023 (EUR)

Row. No.	ITEMS	Note No.	Reporting period	Previous reporting period
	ASSETS			
A.	FIXED ASSETS		1 508 971	505 601
1.	Tangible assets	1.	9 401	10 595
2.	Other fixed assets	2.	1 499 570	495 006
B.	CURRENT ASSETS		3 103 694	1 978 982
1.	Stocks	7.	-	-
2.	Other current assets	3;7.	3 103 694	1 978 982
C.	PREPAYMENTS AND ACCRUED INCOME		11 338	9 389
	TOTAL ASSETS		4 624 003	2 493 972
	EQUITY AND LIABILITIES			
D.	EQUITY	8.	(1 856 080)	(1 035 256)
E.	GRANTS, SUBSIDIES		-	-
F.	PROVISIONS		-	-
G.	AMOUNTS PAYABLE AND OTHER LIABILITIES	4.	6 478 598	3 523 045
1.	Amounts payable after one year and other long-term liabilities		4 411 800	3 081 704
2.	Amounts payable within one year and other short-term liabilities		2 066 798	441 341
H.	ACCRUALS AND DEFERRED INCOME		1 485	6 183
	TOTAL EQUITY AND LIABILITIES		4 624 003	2 493 972

The accompanying annex and notes are integral part of these financial statements.

Director		Renata	Ambrazaitienė
Person authorized by the accounting firm		Edvinas	Ilgūnas

INCOME STATEMENT for the accounting year ended 31 December 2023 (EUR)

Row. No.	ITEMS	Note No.	Reporting period	Previous reporting period
1.	Net turnover		858 269	338 661
2.	Other income	7.	236 839	172 973
3.	Acquired stocks and used resources	5;7.	(836 305)	(306 993)
4.	The change of stocks value		-	-
5.	Expenses related to employment relations		(518 426)	(418 087)
6.	Depreciation, amortization and impairment of assets		(9 687)	(7 751)
7.	Other expenses		(642 205)	(488 636)
8.	Tax on profit	6.	90 691	94 469
9.	Net profit (loss)		(820 824)	(615 364)

The accompanying annex and notes are integral part of these financial statements.

Director		Renata	Ambrazaitienė
Person authorized by the accounting firm		Edvinas	Ilgūnas

Annex

Legal acts underlying the drawing up of the financial statements

The Company draws up its financial statements according to the following legal acts governing financial statements:

- Lithuanian Financial Reporting Standards;
- Accounting Law of the Republic of Lithuania;
- Law on Financial Statements of Entities of the Republic of Lithuania.

The financial statements of the Company have been drawn up following the going concern principle i.e., on the premise that the Company will continue its operations in the future.

The main activity of the company – consumer credit provision.

In 2023, The Company has exceeded the criteria of very small business for the first time, but the Company prepares the financial statements of very small business for the period from 1st January 2023 until 31st December 2023. If at least two indicators will exceed the criteria on the last day of the following financial year, the Company will prepare the financial statements of small business.

All amounts in the financial statements are presented in local currency, Euro (EUR).

The ongoing military conflict in Ukraine and related sanctions against the Russian Federation and Belarus may have an impact on the European and global economy. Despite this, the Company has no business interests related to customers from Ukraine, Russia or Belarus, but the impact on the general economic situation may require revision of certain assumptions and estimates.

In the preparation of the financial statements for 2023, the Company has identified that revenue from the sale of „bad“ loans had been misclassified in the previous year. The correction of the error has been made retrospectively in the financial statements for 2023 and its amount and impact on the financial statements is disclosed in Note 7.

Note 1. Tangible assets

	Other fixtures, fittings and tools (EUR)	
	2023	2022
Acquisition cost at the beginning of the period	18 882	13 449
Purchased	6 212	7 662
Write-offs	-	(2 229)
Acquisition cost at the end of the period	25 094	18 882
Accumulated depreciation at the beginning of the period	8 287	3 037
Depreciation for the year	7 406	6 178
Depreciation of disposed and written-off assets	-	(928)
Accumulated depreciation at the end of the period	15 693	8 287
Net book value at the end of the period	9 401	10 595

Note 2. Other fixed assets

	Software (EUR)	
	2023	2022
Acquisition cost at the beginning of the period	6 949	4 721
Purchased	1 090	2 228
Software development	2 992	-
Write-offs	-	-
Acquisition cost at the end of the period	11 031	6 949
Accumulated depreciation at the beginning of the period	2 664	1 091
Depreciation for the year	2 281	1 573
Depreciation of disposed and written-off assets	-	-
Accumulated depreciation at the end of the period	4 945	2 664
Net book value at the end of the period	6 086	4 285

	2023-12-31	2022-12-31
Other fixed assets		
Amount of loans granted to customers	1 227 334	316 520
Deferred tax asset	258 859	168 168
Deposits	7 291	6 033
Software	6 086	4 285
Total	1 499 570	495 006

Note 3. Other current assets

	2023-12-31	2022-12-31
Amount of loans granted to customers	2 909 438	1 781 178
Provisions for expected credit losses	(124 069)	-
Other amounts receivable	142 078	58 701
Cash and cash equivalents	101 419	74 558
Trade receivable	61 942	60 229
Amounts receivable from Group companies	6 656	4 241
Prepayments to suppliers	6 230	75
Total	3 103 694	1 978 982

Note 4. Amounts payable and other liabilities

	2023-12-31	2022-12-31
Amounts payable after one year and other non-current liabilities	4 411 800	3 081 704
Amounts payable to Group companies	4 411 800	3 049 800
Debt obligations	-	31 904
Amounts payable within one year and other current liabilities	2 066 798	441 341
Debt obligations	1 022 442	-
Amounts payable to Group companies	774 567	325 780
Liabilities related to employment relations	93 854	60 790
Other amounts payable and short-term liabilities	74 848	31 083
Debt obligations	63 016	302
Trade payables	25 913	18 848
Value added tax payable	12 158	4 538
Total	6 478 598	3 523 045

Note 5. Acquired stocks and used resources

	2023	2022
Interest expense	(516 978)	(247 329)
Net loss arising from derecognition of financial assets measured at amortised cost	(195 258)	(59 664)
Impairment losses on loans receivables	(124 069)	-
Total	(836 305)	(306 993)

Net loss arising from derecognition of financial assets at amortised cost consists of net amount from the sale revenue and write-off on terminated loans.

Note 6. Income tax

Deferred tax asset	2023	2022
Deferred tax asset at the beginning of the year	168 168	73 699
Change in deferred tax asset	90 691	94 469
Deferred tax asset at the end of the year	258 859	168 168

Calculations of deferred tax asset:

	Temporary differences		Deferred tax asset	
	2023	2022	2023.12.31	2022.12.31
Accumulated tax loss	(1 704 928)	(1 121 119)	255 739	168 168
Impairment of loans receivable	(20 800)	-	3 120	-
Deferred tax asset at the end of the year	(1 725 728)	(1 121 119)	258 859	168 168

Note 7. Correction of error

The Company's prepayments to suppliers were classified as Stocks. The Company thinks that this classification may give a misleading view as the Company does not hold physical stocks. Therefore the Company decided to show prepayments to suppliers as Other current assets.

	Amount before correction 2022	Correction amount	Amount after correction 2022
Stocks	75	(75)	-
Other current assets	1 978 907	75	1 978 982
CURRENT ASSETS	1 978 982		1 978 982

In the previous reporting period, the revenue from the sale of terminated loans were classified as Other income. In the reporting period, revenue and expense from the sale of terminated loans are classified as Acquired stocks and used resources as Net loss arising from derecognition of financial assets at amortised cost.

	Amount before correction 2022	Correction amount	Amount after correction 2022
Net turnover	338 661		338 661
Other income	249 421	(76 448)	172 973
Acquired stocks and used resources	(383 441)	76 448	(306 993)
The change of stocks value	-		-
Expenses related to employment relations	(418 087)		(418 087)
Depreciation, amortization and impairment of assets	(7 751)		(7 751)
Other expenses	(488 636)		(488 636)
Tax on profit	94 469		94 469
NET PROFIT (LOSS)	(615 364)		(615 364)

NOTES WITHOUT REFERENCE

Note 8. Business continuity

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As is shown in the financial statements, the Company incurred a loss of EUR 820 824 in 2023.

Pursuant to the Law on Companies of the Republic of Lithuania, the ownership of the Company's shareholders must be at least 50% of the Company's share capital. At 31 December, 2023, the Company's equity was negative and amounted to minus EUR 1 856 080. The Company's liabilities to related companies amounted to EUR 5 186 367 and represent 80,05% of total liabilities. The shareholder have decided to secure funding until the approval of the financial statements of 2024.

ESTO UAB pledged a part of the portfolio of consumer credit loans for the financing of ESTO Holdings OU (enterprise code 14996345, registered in Estonia). The consumer credit portfolio is pledged to Triniti Collateral Agent VIII OU (enterprise code 16520823, registered in Estonia), the pledge amount is EUR 1 000 918.

The financial statements do not include any adjusting entries in relation to the return and classification of recorded assets or the classification of recorded liabilities that might be required in the event that the Company is unable to continue as a going concern.

<u>Director</u>		<u>Renata</u>	<u>Ambrazaitienė</u>
<u>Person authorized by the accounting firm</u>		<u>Edvinas</u>	<u>Ilgūnas</u>